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Backgrounder: Economic development

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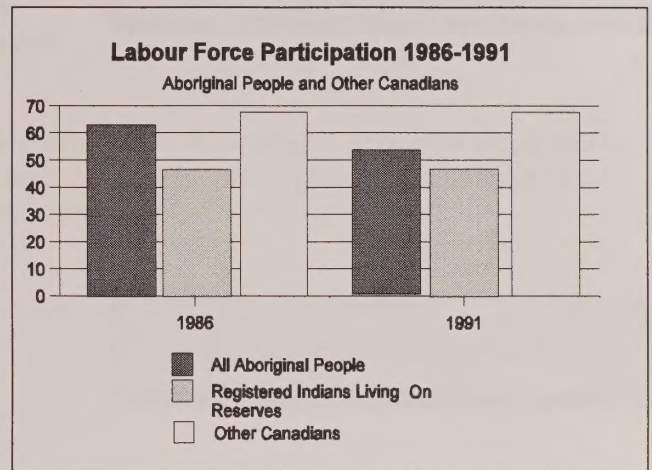
Economic Development

□ Aboriginal Labour Force

The Aboriginal labour force is young and is growing at twice the Canadian rate. In 1991, 43% of the Aboriginal population was of working age. This is expected to grow to 62% for the on-reserve population by 2015.

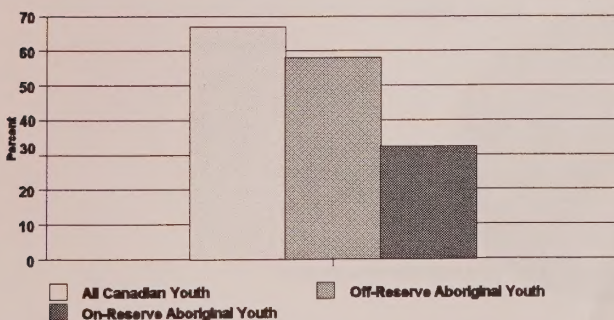
The lag in labour force participation is greatest for on-reserve Indians. The rates were 47% for Status Indians living on reserves, 57% for off-reserve Indians, 57% for Inuit and 59% for Métis, compared to the national rate of 68%. (1991 Census)

The Aboriginal labour force constitutes about 3% of the Canadian labour force. It is concentrated in government services (15.2%), wholesale and retail trade (14.6%), manufacturing (10.3%) and accommodation/food and beverage (9.4%). As a whole, Aboriginal people are well-represented in construction and the natural resource industries but under-represented in manufacturing and financial/insurance services.



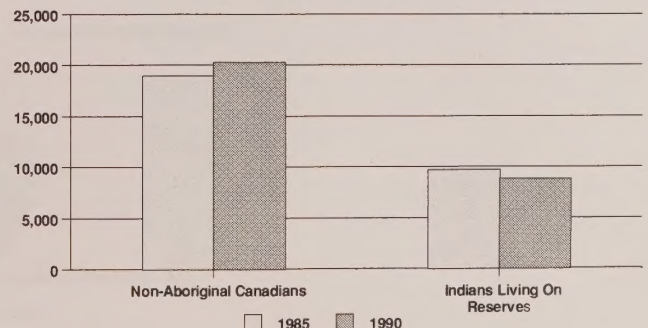
On-Reserve Aboriginal Youth Continue to Experience Poor Employment Prospects...

Youth (Aged 15-24) Labour Force Participation Rates (1991)



The Income Gap Between First Nations and Non-Aboriginal Communities is Widening...

Average Individual Income (all Sources) (1986 constant \$)



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□ ECONOMIC BARRIERS

The transition to economic self-reliance is difficult. Many Aboriginal communities face formidable challenges: access to equity and debt capital, business and market development, workforce training and experience, lands and resources, and innovation in the workplace.

Equity and Debt Capital

As Aboriginal communities grow, so does the need for developmental capital. The National Aboriginal Financing Task Force has made 21 recommendations to improve access to capital for Aboriginal community and business development. They include regulatory, policy and operational changes by government, the financial services sector and Aboriginal people.

Most Aboriginal businesses serve only the local Aboriginal community. To create jobs and increase incomes, Aboriginal businesses need assistance to expand into regional, national and international markets. This will require the partnership of the federal government, private sector, the provinces and the voluntary sector.

Business/Market Development

Workforce Training/Experience

By upgrading their skills and work experience, Aboriginal people will be able to compete more successfully in the increasingly knowledge-based labour markets in Canada.

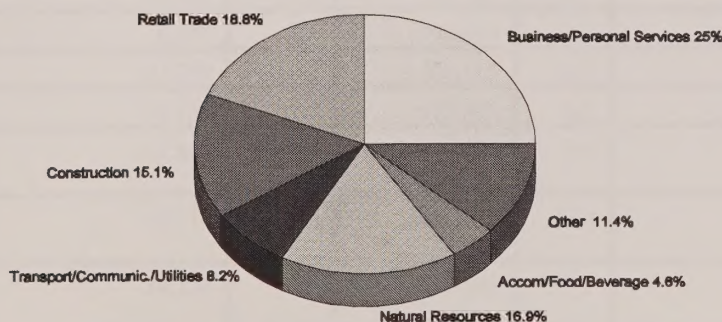
As the level of economic benefits that Aboriginal communities derive from resource-based developments increase, so too will their economic self-sufficiency. Supporting Aboriginal people's participation in land and resource management negotiations, and their ability to acquire equity positions in resource licensing and related business opportunities, will strengthen Aboriginal communities.

Lands and Resources

Innovation

With support for the acceleration of the adaptation of new processes and new product development, Aboriginal businesses will be better able to compete in the marketplace. Improved access to the government's innovation initiatives, and a business culture that encourages and rewards innovation in the workplace, will also help increase their ability to compete.

Aboriginal Firms By Sector



□ Businesses Owned and Operated by Aboriginal People

(Aboriginal post-Census survey, 1991)

About 20,000 businesses in Canada are owned or operated by Aboriginal people. This represents less than 1% of all Canadian businesses. Half are located on reserves.

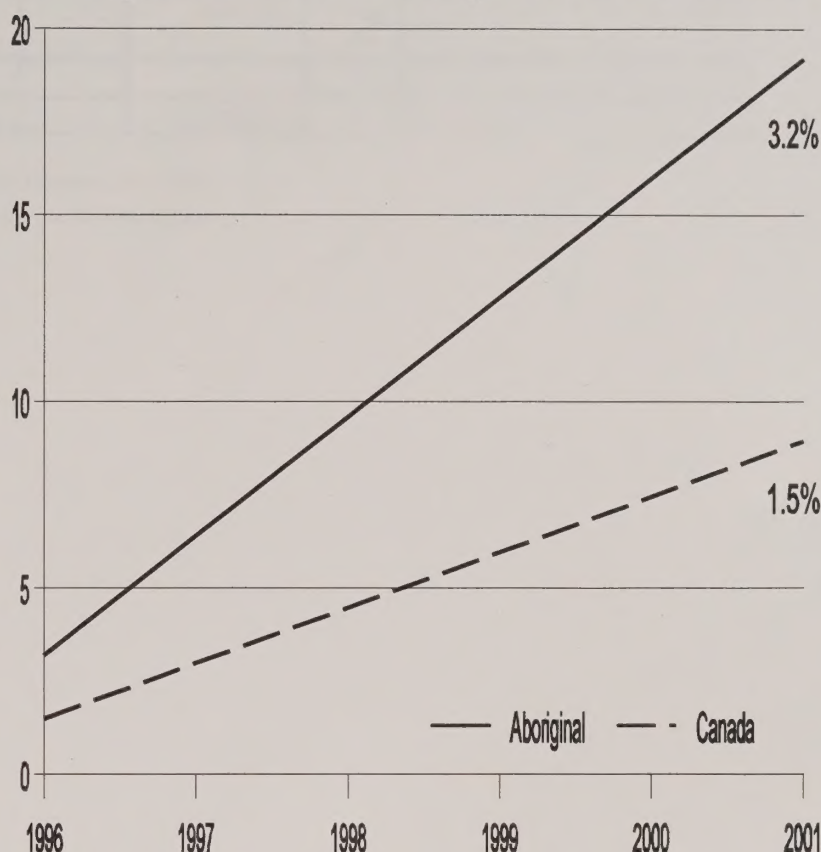
Aboriginal businesses are concentrated in business and personal services (25%), retail/wholesale trade (18.8%), primary natural resources (16.9%) and construction (15.1%).

About 75% of businesses owned by Aboriginal people have one employee or less. The vast majority of Aboriginal, privately owned businesses serve local markets only.

Community-owned enterprises are generally bigger and employ an average of ten employees. Large enterprises, such as Cree Construction International Ltd. in Quebec and the forestry companies owned by the Meadow Lake Tribal Council in Saskatchewan, are significant players in their respective regional economies and employ hundreds of workers.

There is great growth potential identified for Aboriginal business in tourism, trade, business services and health services sectors. Export trade by Aboriginal firms is projected to grow by 15% to 20% annually.

Aboriginal Labour Force is Growing at Twice the Canadian Rate



*Projection assumes 68.1% Aboriginal L.F. participation rate by 2001 (DIAND)

EMPLOYMENT BY SECTOR Aboriginal People and All Canadians (1991)

Sector	Aboriginal People (x)	%	Canadians (y)	%	% of Aboriginal representation in overall sector
Agriculture	10,605	2.3	521,335	3.7	2
Fishing and Trapping	5,425	1.2	48,165	0.3	11.2
Forestry and Logging	10,100	2.2	106,485	0.7	9.5
Mining	8,490	1.8	192,030	1.3	4.4
Manufacturing	47,700	10.3	2,084,115	14.7	2.3
Construction	35,630	7.7	933,425	6.6	3.8
Transportation/Communication	31,930	6.9	1,060,995	7.5	3
Trade (wholesale & retail)	67,335	14.6	2,445,695	17.2	2.7
Finance/Insurance/Real Estate	14,150	3.1	810,565	5.7	1.7
Business Services	18,050	3.9	802,405	5.6	2.2
Government Services	70,160	15.2	1,111,385	7.8	6.3

Education Services	27,515	5.9	972,520	6.8	2.8
Health Services	38,615	8.3	1,277,340	9	3
Accommodation/food & beverage	43,440	9.4	909,710	6.4	4.8
Other service industries	33,310	7.2	944,065	6.6	3.5
TOTAL	462,475		14,220,235		3.2

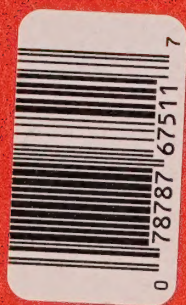
(x) = 1991 Census: Profile of Canada's Aboriginal Populations, Table 1

(y) = 1991 Census: Industry and Class of Workers, The Nation, Table 1



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